

Message Text

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PAGE 01 STATE 009736
ORIGIN ARA-14

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FM SECSTATE WASHDC
TO AMEMBASSY PANAMA IMMEDIATE

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E.O. 11652: GDS

TAGS: MASS, PN

SUBJECT: PREPARATION OF CONGRESSIONAL PRESENTATION DOCUMENT
FY 1979 SECURITY ASSISTANCE PROGRAM

REFERENCES: (A) STATE 306745; (B) STATE 308285; (C) PANAMA
9188;(D) HINSON/WAGNER TELCON OF 1-3-78

1. FOLLOWING IS THE PROPOSED NARRATIVE TO BE SUBMITTED AS
PART OF THE CONGRESSIONAL PRESENTATION DOCUMENT FOR THE
FY 1979 SECURITY ASSISTANCE PROGRAM:

2. BEGIN QUOTE JUSTIFICATION OF PROGRAM: OUR MAJOR INTER-
EST IN PANAMA IS TO KEEP THE PANAMA CANAL SAFE, SECURE,
EFFICIENTLY OPERATED, AND OPEN TO THE SHIPS OF ALL NATIONS
ON A NON-DISCRIMINATORY BASIS. THE CANAL SERVES AS A
MAJOR LOGISTICAL ARTERY FOR OUR ARMED FORCES AND PLAYS AN
IMPORTANT ROLE IN OUR NATIONAL SECURITY. THE SECURITY OF
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SECRET

PAGE 02 STATE 009736

PANAMA IS THEREFORE IMPORTANT TO THE UNITED STATES.

IN THE PAST, THE UNITED STATES HAS RELIED ON ITS OWN FORCES
FOR THE DEFENSE OF THE CANAL AND HAS PROVIDED MINIMAL SE-
CURITY ASSISTANCE TO PANAMA. THE PROPOSED PROGRAM FOR FY
1979 REFLECTS THIS HISTORICAL LEVEL. THE UNITED STATES

HAS ALWAYS PROVIDED THE BULK OF PANAMA'S MILITARY EQUIPMENT. OUR SECURITY ASSISTANCE PROGRAM PROVIDES US WITH A CLOSE WORKING RELATIONSHIP WITH MANY OF THE LEADERS IN PANAMA TODAY. THIS PROGRAM LEVEL ALSO ALLOWS PANAMA TO MAINTAIN ITS LIMITED DEFENSE CAPABILITY.

ON SEPTEMBER 7, 1977, SECRETARY VANCE, IN A NOTE TO PANAMANIAN AMBASSADOR GABRIEL LEWIS, PROPOSED CERTAIN STEPS TO INCREASE UNITED STATES-PANAMANIAN COOPERATION IN THE ECONOMIC AND MILITARY SPHERES. IN THE NOTE, THE UNITED STATES DECLARED THAT IT IS PREPARED TO AGREE TO EXTEND TO PANAMA UP TO DOLS 50 MILLION IN FOREIGN MILITARY SALES CREDITS OVER A TEN-YEAR PERIOD FOR THE PURCHASE BY PANAMA OF DEFENSE ARTICLES AND SERVICES. TO BE IMPLEMENTED, THIS PROGRAM REQUIRES A FURTHER EXCHANGE OF NOTES, WHICH HAS NOT YET TAKEN PLACE. SHOULD THIS NEW SECURITY ASSISTANCE PROGRAM COME INTO EXISTENCE, IT WILL REPLACE THE CURRENT ONE, AND THE LEVEL OF THE PROGRAM WILL BE ADJUSTED ACCORDINGLY.

DESCRIPTION OF PROGRAM: SECURITY ASSISTANCE FOR PANAMA INCLUDES IMET, FMS FINANCING AND CASH PURCHASES THROUGH BOTH GOVERNMENT-TO-GOVERNMENT AND COMMERCIAL CHANNELS. TRAINING UNDER IMET WILL BE ORIENTED PREDOMINANTLY TOWARD IMPROVING MANAGEMENT ABILITIES OF PANAMANIAN OFFICERS. PANAMANIAN PERSONNEL WILL ATTEND COURSES AT BOTH CANAL ZONE AND CONUS MILITARY SCHOOLS. FMS FINANCING WILL ASSIST PAN-
SECRET

SECRET

PAGE 03 STATE 009736

AMA IN ITS MODEST FORCE DEVELOPMENT PROGRAM. POSSIBLE PURCHASES COVER A WIDE RANGE OF DEFENSE ARTICLES INCLUDING INDIVIDUAL AND CREW-SERVED WEAPONS, VEHICLES, COMMUNICATIONS EQUIPMENT, SUPPORT ITEMS AND SPARE PARTS. CASH PURCHASES PROBABLY WOULD BE USED FOR OPERATIONS AND MAINTENANCE ITEMS.

OVERSEAS MANAGEMENT OF THE PROGRAM: THE U.S. MILITARY GROUP MANAGES SECURITY ASSISTANCE PROGRAMS IN PANAMA.

ARMS CONTROL IMPACT STATEMENT (SEE ALSO ANNEX B) - PANAMA'S PROPOSED PURCHASES WOULD NOT CAUSE ANY CONCERNS FOR REGIONAL STABILITY OR HAVE A NEGATIVE IMPACT ON ARMS CONTROL ARRANGEMENTS. THE PRESENTLY ANTICIPATED PROGRAM IS AIMED AT REPLACING WORN OUT EQUIPMENT AND INCREASING COASTAL PATROL CAPABILITIES. HOWEVER, ASSUMING RATIFICATION OF THE PANAMA CANAL TREATY, THE SECURITY ASSISTANCE PROGRAM WOULD CHANGE TO COMPLY WITH TREATY CONDITIONS IN ORDER TO ENABLE PANAMA TO PARTICIPATE IN THE DEFENSE OF THE CANAL
END QUOTE

3. REQUEST EMBASSY COMMENT ON ABOVE.

4. FOR POLICY REASONS IT WAS DECIDED THAT THE REGULAR FY 1979 PROGRAM (DOLS 1 MILLION FOR FMS DOLS 300,000 FOR IMET) SHOULD BE SUBMITTED AT THIS TIME WITH THE CAVEAT THAT, IF THE OFFER MADE IN THE VANCE-LEWIS NOTE OF SEPTEMBER 7, 1977, IS CONSUMATED, THERE WILL BE AN INCREASE IN PANAMA'S FY 79 LEVEL. SHOULD THIS EVENT OCCUR DURING THE FY 1979 CYCLE, WE WILL USE YOUR PROGRAM JUSTIFICATION TO SUPPORT THE HIGHER REQUEST. OFFICE DIRECTOR, NOW VISITING EMBASSY, IS FAMILIAR WITH THE DECISION TO SEEK THE LOWER PROGRAM LEVEL AT THIS TIME. CHRISTOPHER

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